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FM CAIRO

TO THE WHITE HOUSE

S E C R E T SENSITIVE 281125Z FEB 74

FEBRUARY 28, 1974

HAKTO 21 IMMEDIATE

REF: TONAK 40

FOR SCOWCROFT FROM THE SECRETARY.

PLEASE PASS THE FOLLOWING PERSONAL MESSAGE FROM ME TO

GEORGE SHULTZ:

DEAR GEORGE:

WHILE I UNDERSTAND THE MERITS OF PROCEEDING WITH A
COUNTERVAILING DUTY INVESTIGATION ON BRAZILIAN SHOE EXPORTS, I
FEEL STRONGLY THAT THERE ARE SUBSTANTIAL FOREIGN POLICY REASONS
FOR POSTPONEMENT NOW.

AS YOU KNOW, I DISCUSSED THIS ISSUE IN SOME DETAIL WITH
GIBSON BARBOZA IN MEXICO CITY LAST WEEK. DURING THAT CONVERSATION
I AGREED THAT WE WOULD HOLD UP ON ANY ACTION UNTIL THE NEW GOVERNMENT
WAS IN OFFICE AND HAD A CHANCE TO LOOK AT THE PROBLEM. TO REVERSE
THAT POSITION NOW -- AND EVEN AN INVESTIGATION WOULD LOOK TO
THE BRAZILIANS LIKE A REVERSE -- WOULD CLEARLY BE SEEN AS A
VIOLATION OF MY WORD. FURTHER, IT WOULD PUT THE NEW GOVERNMENT
INTO A VERY DIFFICULT TACTICAL POSITION OF SEEMING CONFRONTATION
WITH US, MAKING ANY EVENTUAL CHANCE OF GETTING THE EXPORT
SUBSIDY DROPPED LESS LIKELY.

THUS, I ASK THAT YOU NOT TAKE ANY ACTION UNTIL I RETURN TO
WASHINGTON AND WE HAVE A CHANCE TO TALK. I WOULD, OF COURSE,
HAVE NO OBJECTION SHOULD YOU DECIDE TO TELL THE CONGRESS THAT I
HAVE ASKED YOU TO DELAY AND THAT WE INTEND TO PURSUE THE MATTER
WITH THE NEW BRAZILIAN GOVERNMENT AFTER MARCH 15.

WARM REGARDS.

220

State Dept. review completed

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

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SCOWCROFT, MCFARLANE, SEC FILE

RECALLED

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